

Calendar No. 393

103D CONGRESS
2D SESSION

S. 1963

[Report No. 103-240]

A BILL

To permit certain financial institutions to engage in interstate banking and branching.

MARCH 23 (legislative day, FEBRUARY 22), 1994

Read twice and placed on the calendar

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To permit certain financial institutions to engage in interstate banking and branching.

IN THE SENATE OF THE UNITED STATES

MARCH 23 (legislative day, FEBRUARY 22), 1994

Mr. RIEGLE, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

A BILL

To permit certain financial institutions to engage in interstate banking and branching.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Interstate Banking
5 and Branching Act of 1994”.

1 **SEC. 2. INTERSTATE BANKING.**

2 (a) IN GENERAL.—Section 3(d) of the Bank Holding
3 Company Act of 1956 (12 U.S.C. 1842(d)) is amended
4 to read as follows:

5 “(d) STATE BOUNDARIES.—

6 “(1) APPROVALS AUTHORIZED.—

7 “(A) ACQUISITION OF EXISTING BANKS.—

8 The Board may approve an application under
9 this section to permit a bank holding company
10 that is adequately capitalized and adequately
11 managed to acquire control of, or all or sub-
12 stantially all of the assets of, an existing bank
13 located outside of the home State of such bank
14 holding company.

15 “(B) EXISTING BANKS.—For purposes of
16 this subsection, a bank that does not open for
17 business and that has been chartered solely for
18 the purpose of acquiring control of, or all or
19 substantially all of the assets of, an existing
20 bank shall be deemed to have been in existence
21 for the same period of time as the bank to be
22 acquired.

23 “(C) COMMUNITY REINVESTMENT COMPLI-
24 ANCE.—In determining whether to approve an
25 application under subparagraph (A), the Board
26 shall consider the applicant’s record of compli-

1 ance with applicable Federal and State commu-
2 nity reinvestment laws.

3 “(D) STATE LAW.—Subject to paragraphs
4 (2) and (3), a transaction approved under sub-
5 paragraph (A) may occur without regard to
6 whether such transaction is permitted under the
7 law of the State in which the bank to be ac-
8 quired is located.

9 “(2) CONCENTRATION AND OTHER LIMITS.—
10 The Board may not approve an application under
11 paragraph (1)(A) if—

12 “(A) the applicant controls, or upon com-
13 pletion of the acquisition would control, more
14 than 10 percent of the total deposits held by in-
15 sured depository institutions in the United
16 States, as determined under regulations of the
17 Board;

18 “(B) the applicant controls, or upon com-
19 pletion of the acquisition would control, 25 per-
20 cent or more of the total deposits held by in-
21 sured depository institutions in the State in
22 which the bank to be acquired is located, as de-
23 termined under regulations of the Board, except
24 that the State bank supervisor may waive the
25 applicability of this clause on a case-by-case

1 basis if such waiver does not have the effect of
2 discriminating against out-of-State banks, out-
3 of-State bank holding companies, or subsidi-
4 aries thereof; or

5 “(C) the acquisition would result in the ap-
6 plicant directly or indirectly controlling a bank
7 that has been in existence for a shorter period
8 of time, if any, than is prescribed by the law of
9 the State in which such bank is located in effect
10 on the date on which the application is filed
11 with the Board, only if such State law—

12 “(i) does not prescribe a period of
13 more than 5 years; and

14 “(ii) does not have the effect of dis-
15 criminating among out-of-State banks, out-
16 of-State bank holding companies, or sub-
17 sidiaries thereof.

18 “(3) NO EFFECT ON ANTITRUST LAWS.—Noth-
19 ing in this subsection affects Federal or State anti-
20 trust laws that do not have the effect of discriminat-
21 ing against out-of-State banks, out-of-State bank
22 holding companies, or subsidiaries thereof.

23 “(4) ADEQUATE CAPITALIZATION.—For pur-
24 poses of this subsection, a bank holding company is

1 ‘adequately capitalized’ if it meets or exceeds all ap-
2 plicable Federal regulatory capital standards.”.

3 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

4 Section 2 of the Bank Holding Company Act of 1956 (12
5 U.S.C. 1841) is amended by adding at the end the follow-
6 ing new subsections:

7 “(n) INCORPORATED DEFINITIONS.—For purposes of
8 this Act, the terms ‘insured depository institution’, ‘appro-
9 priate Federal banking agency’, and ‘State bank super-
10 visor’ have the same meanings as in section 3 of the Fed-
11 eral Deposit Insurance Act.

12 “(o) OTHER DEFINITIONS.—For purposes of this
13 Act—

14 “(1) the ‘home State’ of a bank holding com-
15 pany is the State in which the total deposits of its
16 banking subsidiaries were largest on July 1, 1966,
17 or the date on which such company became a bank
18 holding company, whichever is later; and

19 “(2) the ‘home State’ of a bank is—

20 “(A) in the case of a State bank, the State
21 in which it was chartered; and

22 “(B) in the case of a national bank, in the
23 State in which its main office is located.”.

1 (c) EFFECTIVE DATE.—This section and the amend-
2 ments made by this section shall become effective 1 year
3 after the date of enactment of this Act.

4 **SEC. 3. CONVERSION OF BANKS TO BRANCHES.**

5 (a) IN GENERAL.—Section 3 of the Bank Holding
6 Company Act of 1956 (12 U.S.C. 1842) is amended by
7 adding at the end the following new subsection:

8 “(h) INTERSTATE COMBINATIONS.—

9 “(1) IN GENERAL.—

10 “(A) COMBINATIONS AUTHORIZED.—Be-
11 ginning 2 years after the date of enactment of
12 this subsection, a bank holding company having
13 subsidiary banks located in more than 1 State
14 may combine 2 or more of such banks into a
15 single, resulting bank by means of a merger,
16 consolidation, or other transaction approved by
17 the appropriate Federal banking agency.

18 “(B) CONTINUED OPERATIONS.—A result-
19 ing bank may, subject to the approval of the
20 appropriate Federal banking agency, retain and
21 operate as branches the main offices and any
22 branches which, immediately prior to the trans-
23 action, were being operated by any combined
24 bank or the resulting bank.

1 “(C) SURRENDER OF CHARTER AFTER
2 COMBINATION.—On the date on which a com-
3 bination authorized by this paragraph becomes
4 effective, the charters of the combined banks
5 shall be surrendered to the regulatory authority
6 that issued the charters.

7 “(2) APPLICABILITY.—A combination under
8 paragraph (1) may only be effected in the case of a
9 merger, consolidation, or other transaction that is
10 undertaken by a bank holding company that is ade-
11 quately capitalized and adequately managed.

12 “(3) ACTIVITIES OF THE RESULTING BANK.—

13 “(A) ADDITIONAL BRANCHES.—Following
14 any combination effected under paragraph (1),
15 the resulting bank may establish, acquire, or
16 operate additional branches at any location
17 where the resulting bank or a combined bank
18 could have established, acquired, or operated a
19 branch under the applicable Federal or State
20 law as if it had not been a party to such com-
21 bination.

22 “(B) INTRASTATE BRANCHING.—Except as
23 expressly provided in this subsection, nothing in
24 this subsection shall be deemed to amend, re-
25 peal, or preempt, either expressly or by implica-

tion, any Federal or State law relating to the establishment, acquisition, or operation of intra-state branches by national or State banks.

“(C) CONDITIONS.—Prior to granting approval to effect a combination under paragraph (1), the appropriate Federal banking agency shall consider each bank’s rating under the Community Reinvestment Act of 1977 and the comments of the appropriate State bank regulatory authorities regarding each bank’s compliance with applicable State community reinvestment laws.

“(D) IMPOSITION OF SHARES TAX BY HOST STATES.—In order to assure that an out-of-State bank contributes a fair share to a host State’s revenues, if any branch of an out-of-State bank established pursuant to paragraph (1) or subparagraph (A) of this paragraph continues in operation, a proportionate amount of the value of the shares of the out-of-State bank may be subject to any bank shares tax levied or imposed by any host State or political subdivision thereof based upon an allocation of net income, capital or net worth, and other factors employed in computing such value pursuant to

1 an allocation method adopted by the host
2 State's taxing authorities pursuant to State
3 law, if such method does not have the effect of
4 discriminating against out-of-State banks, out-
5 of-State bank holding companies, or subsidi-
6 aries thereof.

7 “(4) ACTIVITIES OF BRANCHES.—A State bank
8 that establishes one or more branches in accordance
9 with paragraph (1) or paragraph (3)(A) may not
10 conduct any activity at any branch located in a host
11 State that is not permitted for banks chartered by
12 such host State.

13 “(5) APPLICABLE LAW.—

14 “(A) IN GENERAL.—

15 “(i) NATIONAL BANK BRANCHES.—

16 Any branch of a national bank that is es-
17 tablished as the result of a combination in
18 accordance with paragraph (1) or para-
19 graph (3)(A) shall be subject to the laws of
20 the host State, including those that govern
21 intrastate branching, consumer protection,
22 fair lending, and community reinvestment,
23 as if it were a branch of a national bank
24 having its main office in that State.

1 “(ii) STATE BANK BRANCHES.—Any
2 branch of a State bank that is established
3 as the result of a combination in accord-
4 ance with paragraph (1) or paragraph
5 (3)(A) shall be subject to the laws of the
6 host State, including those that govern
7 intrastate branching, consumer protection,
8 fair lending, and community reinvestment,
9 as if it were a branch of a bank chartered
10 under the laws of such State.

11 “(B) FILING REQUIREMENT.—A host
12 State may require any bank located in another
13 State that wishes to establish a branch within
14 the host State as a result of a combination au-
15 thorized by paragraph (1) to comply with filing
16 requirements that—

17 “(i) are not discriminatory in effect;
18 and

19 “(ii) are similar in their effect to and
20 are subject to similar sanctions as those
21 that are imposed on a corporation having
22 its main office in another State that is not
23 engaged in the business of banking and
24 that seeks to engage in business in the
25 host State.

1 “(6) STATE ELECTION TO PROHIBIT INTER-
2 STATE COMBINATIONS.—

3 “(A) IN GENERAL.—Paragraph (1) does
4 not apply to a bank holding company located in
5 a State that has enacted a law after the date
6 of enactment of this subsection that applies
7 equally to all out-of-State banks, and that ex-
8 pressly prohibits interstate combinations involv-
9 ing a bank located in the State, as authorized
10 under paragraph (1).

11 “(B) EFFECT OF PROHIBITION.—A bank
12 located in a State that has in effect a prohibi-
13 tion described in subparagraph (A) may not be
14 combined, and shall have no authority to be
15 combined under paragraph (1), with a bank lo-
16 cated outside of that State.

17 “(C) LAWS ENACTED SUBSEQUENT TO AU-
18 THORIZATION DATE.—A law enacted by a State
19 pursuant to subparagraph (A) shall have no ef-
20 fect on combinations that were approved prior
21 to the effective date or the date of enactment
22 of such law, whichever is later.

23 “(7) STATE ELECTION TO PERMIT INTERSTATE
24 COMBINATIONS.—A combination under paragraph
25 (1) may be undertaken during the 2-year period be-

1 ginning on the date of enactment of this subsection,
2 if each of the States in which 1 or more banks that
3 are to be combined into a single, resulting bank is
4 located has in effect on the date on which the com-
5 bination is approved a law that applies equally to all
6 out-of-State banks and that expressly permits inter-
7 state combinations by national and State-chartered
8 banks. A State described in the preceding sentence
9 may impose conditions on the branch of the result-
10 ing bank located in that State if—

11 “(A) the conditions do not have the effect
12 of discriminating against out-of-State banks,
13 out-of-State bank holding companies, or sub-
14 sidiaries thereof (other than on the basis of a
15 reciprocal treatment requirement);

16 “(B) the imposition of the conditions is not
17 preempted by Federal law; and

18 “(C) the conditions do not apply or require
19 performance beyond the end of the 2-year pe-
20 riod beginning on the date of enactment of this
21 subsection.

22 “(8) COMBINATIONS AFTER THE EXPIRATION
23 OF 2-YEAR PERIOD.—A State described in para-
24 graphs (6) or (7) may elect at any later time to per-
25 mit or withdraw permission for interstate combina-

1 tions authorized under paragraph (1) if such State
2 enacts a law that applies equally to all out-of-State
3 banks and that expressly permits (or withdraws per-
4 mission for, as the case may be) interstate combina-
5 tions by all national and State banks.

6 “(9) LIMITATIONS.—Nothing in this sub-
7 section—

8 “(A) affects Federal or State antitrust
9 laws that do not have the effect of discriminat-
10 ing against out-of-State banks, out-of-State
11 bank holding companies, or subsidiaries thereof;
12 or

13 “(B) affects section 5197 of the Revised
14 Statutes or section 27 of the Federal Deposit
15 Insurance Act.

16 “(10) RESERVATION OF CERTAIN RIGHTS TO
17 STATES.—Nothing in this subsection limits in any
18 way the right of a State to—

19 “(A) determine the authority of State
20 banks chartered in that State to acquire, estab-
21 lish, and maintain branches; or

22 “(B) supervise, regulate, and examine
23 State banks chartered by that State.

24 “(11) DEFINITIONS.—For purposes of this sub-
25 section—

1 “(A) the term ‘combined bank’ means any
2 bank participating in a combination under
3 paragraph (1), other than the resulting bank;

4 “(B) the term ‘host State’ means the State
5 in which a bank establishes or maintains a
6 branch other than the State in which the bank
7 is located and engaged in the business of bank-
8 ing;

9 “(C) a bank shall be deemed to be ‘lo-
10 cated’—

11 “(i) in the case of a State bank, in the
12 State in which it was chartered; and

13 “(ii) in the case of a national bank, in
14 the State in which its main office is lo-
15 cated;

16 “(D) the term ‘resulting bank’ means a
17 banking subsidiary of a bank holding company
18 that has resulted from a transaction effected
19 under paragraph (1) involving the combination
20 of 2 or more subsidiary banks of the bank hold-
21 ing company located in 2 or more States; and

22 “(E) the term ‘State bank’ has the same
23 meaning as in section 3 of the Federal Deposit
24 Insurance Act.”.

1 (b) CONFORMING AMENDMENT TO THE NATIONAL
 2 BANK ACT.—Section 5155(c) of the Revised Statutes (12
 3 U.S.C. 36(c)) is amended in the first sentence, by striking
 4 “A national banking association” and inserting “Except
 5 as provided in section 3(h) of the Bank Holding Company
 6 Act of 1956, a national banking association”.

7 **SEC. 4. AMENDMENTS TO FEDERAL DEPOSIT INSURANCE**
 8 **ACT AND THE ACT ENTITLED “AN ACT TO**
 9 **PROVIDE FOR THE CONSOLIDATION OF NA-**
 10 **TIONAL BANKING ASSOCIATIONS”.**

11 (a) FEDERAL DEPOSIT INSURANCE ACT AMEND-
 12 MENTS.—Section 18(d) of the Federal Deposit Insurance
 13 Act (12 U.S.C. 1828(d)) is amended by adding at the end
 14 the following new paragraph:

15 “(3) COORDINATION OF EXAMINATION AUTHOR-
 16 ITY.—

17 “(A) IN GENERAL.—A State bank super-
 18 visor of a host State may examine a branch op-
 19 erated in such State of a bank chartered by a
 20 State other than that host State that resulted
 21 from a combination effected under section 3(h)
 22 of the Bank Holding Company Act of 1956—

23 “(i) for the purpose of determining
 24 compliance with host State laws, including
 25 those that govern banking, taxation, com-

1 munity reinvestment, fair lending,
2 consumer protection, and permissible ac-
3 tivities; and

4 “(ii) to ensure that the activities of
5 the branch are not conducted in an unsafe
6 or unsound manner.

7 “(B) ENFORCEMENT.—In the event that
8 the State bank supervisor of the host State de-
9 termines that there is a violation of the law of
10 the host State concerning the activities being
11 conducted by a branch described in subpara-
12 graph (A), the State bank supervisor of the
13 host State may undertake such enforcement ac-
14 tions and proceedings as would be permitted
15 under the law of the host State as if the branch
16 were a bank chartered by that host State.

17 “(C) COOPERATIVE AGREEMENT.—The
18 State bank supervisors from 2 or more States
19 may enter into cooperative agreements to facili-
20 tate State regulatory supervision of State-char-
21 tered banks, including cooperative agreements
22 relating to the coordination of examinations and
23 joint participation in examinations.

24 “(D) FEDERAL REGULATORY AUTHOR-
25 ITY.—Nothing in this subsection limits in any

1 way the authority of the appropriate Federal
2 banking agency to examine any bank or branch
3 of a bank for which the agency is the appro-
4 priate Federal banking agency.

5 “(E) REVIEW OF INTERSTATE AGREE-
6 MENTS.—If the appropriate Federal banking
7 agency determines that the States have failed to
8 reach an agreement under subparagraph (C), or
9 that such an agreement fails to adequately pro-
10 tect the deposit insurance funds, the appro-
11 priate Federal banking agency shall not defer to
12 State examinations of branches operated in the
13 host State by out-of-State banks.”.

14 (b) NATIONAL BANKING ASSOCIATIONS.—The Act
15 entitled “An Act to provide for the consolidation of na-
16 tional banking associations”, approved November 7, 1918
17 (12 U.S.C. 215 et seq.) is amended—

18 (1) in the first sentence of subsection (a) of the
19 first section, by inserting “, or in any State in which
20 a bank involved in an interstate combination author-
21 ized by section 3(h) of the Bank Holding Company
22 Act of 1956 is located,” after “located in the same
23 State”;

24 (2) by inserting before the period at the end of
25 subsection (d) of the first section “, except that the

1 applicability of State law to an interstate combina-
2 tion undertaken in accordance with section 3(h) of
3 the Bank Holding Company Act of 1956 is deter-
4 mined in accordance with the provisions of that sec-
5 tion”;

6 (3) by adding at the end of the first section the
7 following new subsection:

8 “(h) The procedures, restrictions, and requirements
9 set forth in this section apply to interstate combinations
10 undertaken pursuant to and in accordance with section
11 3(h) of the Bank Holding Company Act of 1956 to the
12 extent that the procedures, restrictions, and requirements
13 of this section are not inconsistent with that section
14 3(h).”;

15 (4) in the first sentence of section 2(a)—

16 (A) by striking “under an agreement not
17 inconsistent with this Act,”; and

18 (B) by inserting “or in any State in which
19 a bank involved in an interstate combination
20 authorized by section 3(h) of the Bank Holding
21 Company Act of 1956 is located,” after “lo-
22 cated within the same State,”;

23 (5) in the sixth sentence of section 2(d), by in-
24 serting before the period “, except that the applica-
25 bility of State law to the transaction undertaken

1 pursuant to section 3(h) of the Bank Holding Com-
2 pany Act of 1956 is determined in accordance with
3 the provisions of that section”;

4 (6) in section 2, by adding at the end the fol-
5 lowing new subsection:

6 “(h)(1) The procedures, restrictions, and require-
7 ments set forth in this section apply to interstate mergers
8 undertaken pursuant to and in accordance with section
9 3(h) of the Bank Holding Company Act of 1956 to the
10 extent that the procedures, restrictions, and requirements
11 of this section are not inconsistent with that section 3(h).

12 “(2) Paragraph (1) shall apply to a State member
13 bank involved in an interstate merger on the same terms
14 and conditions and subject to the same procedures, re-
15 strictions, and requirements as are applicable to the con-
16 solidation of branches by a national banking association
17 involved in an interstate merger.”; and

18 (7) in paragraph (4) of section 3, by inserting
19 “or within any State in which a bank involved in an
20 interstate combination authorized by section 3(h) of
21 the Bank Holding Company Act of 1956 is located,”
22 after “within the same State,”.

1 **SEC. 5. ACQUISITION OF INTERSTATE BRANCHES BY NA-**
2 **TIONAL AND STATE BANKS.**

3 (a) ACQUISITION OF INTERSTATE BRANCHES BY
4 STATE BANKS.—Section 18(d) of the Federal Deposit In-
5 surance Act (12 U.S.C. 1828(d)) is amended by adding
6 at the end the following new paragraphs:

7 “(4) INTERSTATE BRANCHING BY STATE
8 BANKS.—

9 “(A) IN GENERAL.—Beginning on the date
10 of enactment of this paragraph, notwithstand-
11 ing any other provision of law, a host State
12 may, expressly by statute and not merely by im-
13 plication, permit all out-of-State banks to ac-
14 quire or establish a branch in the host State on
15 a basis that does not have the effect of discrimi-
16 nating against out-of-State banks, out-of-State
17 bank holding companies, or subsidiaries thereof.
18 A branch established under this paragraph shall
19 be operated in accordance with the procedures,
20 restrictions, and requirements set forth in sec-
21 tion 3(h) of the Bank Holding Company Act of
22 1956, and the provisions of that section shall
23 apply to the branch as if the branch resulted
24 from a combination effected in accordance with
25 paragraph (1) of that section 3(h).

1 “(B) FDIC APPROVAL.—A State
 2 nonmember bank may acquire, establish, and
 3 operate a branch under this paragraph only if
 4 the bank is adequately capitalized and ade-
 5 quately managed and with the prior approval of
 6 the Corporation.

7 “(5) DEFINITIONS.—For purposes of this sub-
 8 section—

9 “(A) the term ‘host State’ means a State
 10 in which a bank acquires, establishes, or main-
 11 tains a branch, other than the State in which
 12 the bank is located and engaged in the business
 13 of banking; and

14 “(B) a bank shall be deemed to be ‘lo-
 15 cated’—

16 “(i) in the case of a State bank, in the
 17 State in which it was chartered; and

18 “(ii) in the case of a national bank, in
 19 the State in which its main office is lo-
 20 cated.”.

21 (b) INTERSTATE BRANCHING BY NATIONAL
 22 BANKS.—Section 5155 of the Revised Statutes (12 U.S.C.
 23 36) is amended—

24 (1) by redesignating subsections (d) through (h)
 25 as subsections (e) through (i), respectively; and

1 (2) by inserting after subsection (c) the follow-
2 ing new subsection:

3 “(d) INTERSTATE BRANCHING BY NATIONAL
4 BANKS.—

5 “(1) APPROVALS AUTHORIZED.—Notwithstand-
6 ing any other provision of law, the Comptroller of
7 the Currency may approve an application under this
8 subsection for a national bank that is adequately
9 capitalized and adequately managed to acquire or es-
10 tablish a branch in a host State if the host State ex-
11 pressly permits, pursuant to section 18(d)(4) of the
12 Federal Deposit Insurance Act, all out-of-State
13 banks to establish such branches. Each such branch
14 shall be operated in accordance with the procedures,
15 restrictions, and requirements set forth in section
16 3(h) of the Bank Holding Company Act of 1956,
17 and the provisions of that section shall apply to the
18 branch as if the branch resulted from a combination
19 effected in accordance with paragraph (1) of that
20 section 3(h).

21 “(2) DEFINITIONS.—For purposes of this sub-
22 section—

23 “(A) the term ‘host State’ means the State
24 in which a national bank establishes a branch
25 under paragraph (1); and

1 “(B) the term ‘adequately capitalized’ has
2 the same meaning as in section 38 of the Fed-
3 eral Deposit Insurance Act.”.

4 **SEC. 6. COMMUNITY REINVESTMENT ACT EVALUATION OF**
5 **BANKS WITH INTERSTATE BRANCHES.**

6 (a) IN GENERAL.—Section 807 of the Community
7 Reinvestment Act of 1977 (12 U.S.C. 2906) is amended
8 by adding at the end the following new subsections:

9 “(d) INSTITUTIONS WITH INTERSTATE
10 BRANCHES.—

11 “(1) STATE-BY-STATE EVALUATION.—In the
12 case of a regulated financial institution that main-
13 tains domestic branches in 2 or more States, the ap-
14 propriate Federal financial supervisory agency shall
15 prepare—

16 “(A) a written evaluation of the entire in-
17 stitution’s record of performance under this
18 title, as required by subsections (a), (b), and
19 (c); and

20 “(B) for each State in which the institu-
21 tion maintains 1 or more domestic branches, a
22 separate written evaluation of the institution’s
23 record of performance within such State under
24 this title, as required by subsections (a), (b),
25 and (c).

1 “(2) MULTISTATE METROPOLITAN AREAS.—In
 2 the case of a regulated financial institution that
 3 maintains domestic branches in 2 or more States
 4 within a multistate metropolitan area, the appro-
 5 priate Federal financial supervisory agency shall pre-
 6 pare a separate written evaluation of the institu-
 7 tion’s record of performance within such metropoli-
 8 tan area under this title, as required by subsections
 9 (a), (b), and (c). If the agency prepares a written
 10 evaluation pursuant to this paragraph, the scope of
 11 the written evaluation required under paragraph
 12 (1)(B) shall be adjusted accordingly.

13 “(3) CONTENT OF STATE LEVEL EVALUA-
 14 TION.—A written evaluation prepared pursuant to
 15 paragraph (1)(B) shall—

16 “(A) present the information required by
 17 subparagraphs (A) and (B) of subsection (b)(1)
 18 separately for each metropolitan area in which
 19 the institution maintains 1 or more domestic
 20 branch offices and separately for the remainder
 21 of the nonmetropolitan area of the State if the
 22 institution maintains 1 or more domestic
 23 branch offices in such nonmetropolitan area;
 24 and

1 “(B) describe how the Federal financial
2 supervisory agency has performed the examina-
3 tion of the institution, including a list of the in-
4 dividual branches examined.

5 “(e) DEFINITIONS.—For purposes of this section the
6 following definitions shall apply:

7 “(1) DOMESTIC BRANCH.—The term ‘domestic
8 branch’ means any branch office or other facility of
9 a regulated financial institution that accepts depos-
10 its, located in any State.

11 “(2) METROPOLITAN AREA.—The term ‘metro-
12 politan area’ means any primary metropolitan
13 statistical area, metropolitan statistical area, or con-
14 solidated metropolitan statistical area, as defined by
15 the Director of the Office of Management and Budg-
16 et, with a population of 250,000 or more, and any
17 other area identified by the appropriate Federal fi-
18 nancial supervisory agency.

19 “(3) STATE.—The term ‘State’ has the same
20 meaning as in section 3 of the Federal Deposit In-
21 surance Act.”.

22 (b) SEPARATE PRESENTATION.—Section 807(b)(1)
23 of the Community Reinvestment Act of 1977 (12 U.S.C.
24 2906(b)(1)) is amended—

1 (1) by redesignating subparagraphs (A) through
2 (C) as clauses (i) through (iii), respectively;

3 (2) by striking “The public” and inserting the
4 following:

5 “(A) CONTENTS OF WRITTEN EVALUA-
6 TION.—The public”; and

7 (3) by adding at the end the following new sub-
8 paragraph:

9 “(B) METROPOLITAN AREA DISTINC-
10 TIONS.—The information required by clauses (i)
11 and (ii) of subparagraph (A) shall be presented
12 separately for each metropolitan area in which
13 a regulated depository institution maintains one
14 or more domestic branch offices.”.

15 **SEC. 7. FLEXIBILITY IN CHOOSING BOARDS OF DIRECTORS.**

16 Section 5146 of the Revised Statutes (12 U.S.C. 72)
17 is amended in the first sentence by striking “two-thirds”
18 and inserting “a majority”.